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**From:**

**Sent:** Friday, March 13, 2009 10:00:58 AM

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**Cc:**

**Subject:** RE: Court of Federal Claims case

DOJ enters into "settlement agreements" under section 6224(c) by having the taxpayer partner send a letter making an "offer" and by DOJ sending a counter letter constituting an "acceptance". Thus, this exchange of letters constitutes a "settlement agreement" that is independently binding on the partner, converts the settled partnership items for that partner to nonpartnership items (thereby removing that partner from the litigation under section 6226(d)(1)) and starts the one year period for assessment. DOJ does not use Forms 870 or 906 to execute settlements.

The procedure above is different from a stipulated decision which does not convert partnership items and does not become final and binding until the appeal period expires. In that regard, under section 6230(g), the "principles" of section 7481 apply to make the district court decision final when the period for appealing that decision expires. There is nothing in section 6230(g) that directly substitutes section 7483 (the 90 appeal period for Tax Court cases) to district court cases which have a 60 day appeal period. Nor is there any policy reason for doing so. A case becomes final as a practical and policy matter when it can no longer be appealed.